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ESTABLISHED 1887

Chances Ebb For Debate Between Bush And Clinton

White House Maintains Its Refusal to Accept Panel's Ground Rules

By Paul F. Horvitz International Herald Tribune WASHINGTON — The prospect of any debate between the presidential candidates verged on collapse Wednesday as the White House refused to accept a proposal offered by a bipartisan commission.



Traders at the Paris Bourse with their eyes fixed on screens showing the fluctuating French franc on Wednesday.

Money Crisis Highlights Traders' Clout

By Floyd Norris New York Times Service NEW YORK — On a dull day, hundreds of billions of dollars' worth of Deutsche marks, yen, dollars and other currencies change hands, as speculators bet on the direction of currency markets and money managers seek opportunities overseas.

In a Pinch, Will Germany Protect Bond With France?

By Joseph Fitchett International Herald Tribune PARIS — The struggle over the French franc, far more than another global financial thriller, has spotlighted a fundamental geopolitical question: Is Germany ready, when the chips are down, to do whatever is required to maintain its special bond with France?

Markets Defy Joint Pledge To Shore Up Franc's Value

Bundesbank Intervenes And France Lifts Rates, But Effect Is Unclear

By Carl Gewirtz International Herald Tribune PARIS — The foreign exchange market took up the challenge of a joint French-German declaration to defend the value of the franc on Wednesday, and the battle of the franc began in earnest.

Serbs Pin Blame on Panic For Yugoslavia's Isolation

By Chuck Sudetic New York Times Service BELGRADE — Serbs were defiant and despairing Wednesday over Yugoslavia's ouster from the United Nations, and hard-core nationalists and former Communists who have held power here for years have launched a campaign to pin the blame on the Serbian-American millionaire they drafted to become the country's prime minister 10 weeks ago.



Relatives and friends of six slain Muslim soldiers watching Wednesday as the bodies were lowered into graves in Sarajevo.

In N.Y., Can-Do Americana Homeless Entrepreneur Is King of Discards

By Michael T. Kaufman New York Times Service NEW YORK — From the "do-it-yourself" of the down-and-out scroungers who range through New York City picking up empty soda and beer containers, a new breed of entrepreneur has emerged.

Klosk No Progress in Pretoria-ANC Talks

JOHANNESBURG (Reuters) — The government and the African National Congress failed Wednesday to clear obstacles blocking a meeting between President Frederik W. de Klerk and President Nelson Mandela of the ANC.

Russia's American Dream Once 'Forbidden Fruit,' U.S. Now the Rage

By Margaret Shapiro Washington Post Service MOSCOW — In Russia, after decades of official anti-U.S. propaganda, things American are all the rage.

Market data table including Dow Jones (Down 2.16), Trib Index (Up 0.23%), and World Cup Soccer results.

2 PLO Factions, Opposing Peace Talks, Want a Referendum

By Youssef M. Ibrahim

PARIS — Two major factions of the Palestine Liberation Organization have joined to oppose a negotiated peace settlement with Israel, seeking a referendum among Palestinians over the Mideast peace process that began last year.

The legitimate bodies of the PLO, in a reference to the 1988 decision of the Palestine National Council, the PLO's "parliament-in-exile," to enter peace talks with Israel. Mr. Hawatmeh said he would pursue the creation of a wider coalition of opponents to Mr. Arafat, the PLO chairman.

"They are exploiting the fact that we are reaching something of a deadlock in the talks with the Israelis in Washington, but there is nothing new in what they say," said a senior PLO official in Tunis. "As long as talks are going on, we think we have the support of Palestinian public opinion."

Under the planned changes, private individuals would be allowed to meet PLO members as long as the meetings did not harm state security. A 1986 law prohibits any contact with the organization.

58% of Germans Decry Riots

HAMBURG — A poll published Wednesday found 58 percent of Germans opposed to the violence against foreigners by extreme rightists that has disrupted cities and towns in Eastern Germany for a month. The survey, commissioned by Stern magazine, found that one in two Germans believed that the country did not have too many foreigners but did have too many asylum-seekers.

Italian Leader Presses For Stiff Budget Cuts

ROME — Tens of thousands of workers took to the streets of Italy on Wednesday in some of the biggest anti-government protests since the early 1970s. Prime Minister Amato, warning Italy's fractious political parties that toppling his government was tantamount to national suicide, said he was prepared to make his 1993 budget a confidence issue to which the cabinet's fate would be tied.



Rescue workers on Wednesday removing a body of a victim of a storm that caused widespread damage in southeastern France.

Toll Rises to 30 From Storms in France

Compiled by Our Staff From Dispatches VAISON-LA-ROMAINE, France — At least 30 people were killed and about 40 were missing after flash floods and storms swept the Ardèche, Vaucluse and Drôme regions in southeastern France, officials said Wednesday. It was the worst death toll from a storm in France in 34 years.

Four people were also killed in the Ardèche department, between Lyon and Avignon, including a young man who tried to save his father from a swollen river. Two women were swept away by floodwaters when they left their car, and a farmer drowned while trying to lead horses from a flooded field. A postman drowned in the Drôme region.

Officials said river levels were stabilizing but that the situation would not return to normal until the end of the week. In England, the National Rivers Authority said flooding in north London began when tributaries of the upper River Brent overran their banks. Up to 4 feet of water flooded several streets, stalling cars and trucks.

- European monetary chaos
The dollar crisis
The U.S. election
Civil war in Yugoslavia
Face-off over Iraq
Maastricht ratification

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U.S. Faults POW Inquiry in Russia

By Michael Dobbs Washington Post Service MOSCOW — The U.S. official charged with tracking down American prisoners of war in the former Soviet Union told President Boris N. Yeltsin on Wednesday that he was unhappy with the results of a six-month-long joint investigation with the Russian authorities.

Mr. Yeltsin provided Mr. Toon with details of two American civilians who were killed by the Soviet secret police in the late 1940s after serving lengthy prison sentences for espionage. The Russian co-chairman of the commission, General Dmitri Volkogonov, identified the two Americans as "Oggens" and "Clifford," but was unable to provide their first names.

General Volkogonov said that the Stalin-era state security minister, Viktor Abakumov, wrote a note to the Soviet dictator saying that Oggens could not be released because he knew too much about life in the gulag, the network of labor camps in which millions died in the 1930s and '40s, and should therefore be "liquidated."

12,500 Soviet-Internment Victims Discovered in East German Graves

POTS DAM, Germany — Excavators in Eastern Germany have found mass graves containing the remains of about 12,500 people who died under Soviet internment after World War II, officials said Wednesday. The dead were victims of hunger, illness and violence in a former Nazi concentration camp that served as a Stalinist prison from 1945 to 1950, the Interior Ministry in Brandenburg State said.

Although the Kremlin has been generally forthcoming on the fate of American civilians who ended up on Soviet territory before and during World War II, it has so far failed to provide definitive answers about what happened to U.S. servicemen. The Russians have disclosed, for example, that nine American spy planes were shot down over Russian territory during the Cold War, but there has been no official word about what happened to the pilots.

WORLD BRIEFS

Croats and Bosnians Link Efforts UNITED NATIONS, New York (AFP) — President Franjo Tudjman of Croatia and President Alija Izetbegovic of Bosnia announced Wednesday that they had agreed to coordinate their defensive efforts.

Vietnamese Name Anh as President HANOI (Reuters) — General Le Duc Anh, 72, was unanimously elected president of Vietnam by the National Assembly on Wednesday.

2 Laxmen Shot to Death in Algeria ALGIERS (Reuters) — Gunmen shot to death a wounded policeman and killed a paramilitary gendarme in a surge of violence that included two bomb attacks in central Algiers on Wednesday.

India to Prosecute Chemical Firm NEW DELHI (NYT) — India, stung by American accusations that Indian companies are undercutting international efforts to halt the spread of chemical weapons, announced Wednesday that it was prosecuting a chemical company that exported to Syria trimethyl phosphite, a chemical used in the production of nerve gas.

EC Plans Rules on Air Reservations BRUSSELS (Reuters) — The EC Commission proposed new rules on Wednesday to prevent airlines from using their computer reservation systems to get an edge on competitors. But they would be allowed to retaliate against non-EC airlines whose reservation systems discriminated against EC airlines — essentially American systems.

The Egyptian government and the Getty Conservation Institute of the United States announced Wednesday a five-year project to rescue deteriorating wall paintings in the tomb of the pharaoh Tutankhamun. The paintings have cracked and peeled so badly since the 3,300-year-old tomb was discovered in 1922 that it was closed to visitors last year.

TRAVEL UPDATE

The Weather Forecast for Friday through Sunday. Includes maps and weather symbols for various regions like North America, Europe, Asia, etc.

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Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

Yawning at the Bomb

It has taken the Senate 14 months to begin consideration of the Strategic Arms Reduction Treaty. Yet what do some resistent Republicans want to do? Filibuster, further delaying ratification. That is the latest example of Washington's remarkably indifferent attitude toward the large and potentially dangerous array of nuclear arms that remain in the former Soviet Union.

about reneging. Yet there is little sense of urgency in Washington. (The U.S. official responsible for getting the nuclear republics to dispose of their arms is a part-time employee.) Washington can use economic leverage to push disarmament by the republics.

The IMF Has It Right

In the collision on Tuesday between the IMF and the Bush administration, the IMF was right. Treasury Secretary Nicholas Brady came before the annual meeting of the International Monetary Fund and the World Bank to press, once again, for lower interest rates.

Germany since reunification two years ago and the Americans since 1982. As Mr. Camdessus pointed out, it is not tight monetary policy but those big deficits that have rattled the markets and impeded growth.

Stingy Peacekeeping

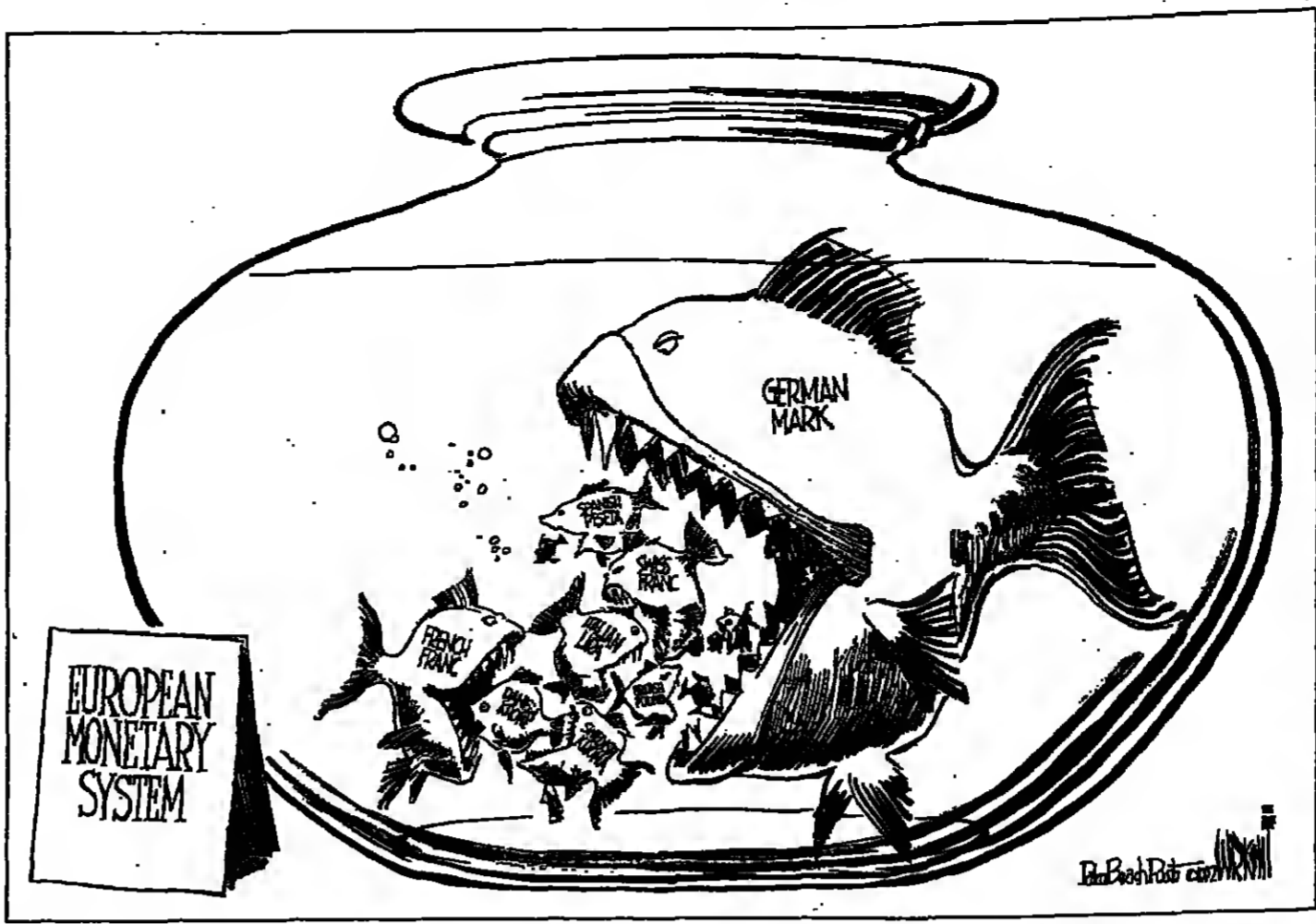
President George Bush is right to offer warm praise for the United Nations peacekeeping forces around the world. The blue beret, as he suggested to the General Assembly in Cyprus, is indeed "a symbol of hope" from Cyprus and Lebanon to Cambodia and Croatia.

volunteers to the standby forces. Nor, beyond a vague promise to review the matter, did he offer new ways to finance peacekeeping and humanitarian efforts.

Quayle Like Clinton

Vice President Dan Quayle is in on position to disparage either Governor Bill Clinton's record of avoiding military service in Vietnam or his failure to speak candidly about it.

family influence had helped him skip to the head of the line for Guard slots. But, as The New York Times has reported, Indiana's headquarters unit was a haven of preference where vacancies were available mainly to a knowledgeable few.



No Salvation in Sight for the Damned of Sarajevo

By William Pfaff

SARAJEVO — A graffiti greeting visitors who enter this ruined city says, in English, "Welcome to Hell." The punishment here threatens to be, like Hell's, eternal.

The Bosnian authorities in Sarajevo swear that their people will fight on forever. But this means mainly that they intend to go on absorbing punishment forever.

They have not submitted to UN observation. The UN force is also supposed to open and protect land routes by which supply convoys can deliver the food and medicines to enable the city's population to go on resisting the siege.

ing checks on the identity of those whom the United Nations chooses to transport in and out of the city. The Canadians here previously refused to accept this, and ran over roadblocks. The new command accepts the harassment, and is much criticized from within the force.

A Gypsy Tragedy With a Dark Parallel

By Andrei Codrescu

NEW ORLEANS — Germany has decided to deport Romanian Gypsies asking for asylum because the neo-Nazis don't want them.

In 1941 the Germans decided to deport Gypsies because the Nazis didn't want them. It was part of the Final Solution. The Gypsies, like the Jews, were marked for destruction.

Ceausescu dictatorship, one of Romania's main exports was humans. It sold Jews to Israel and Germans to West Germany at \$10,000 to \$20,000 a head.

in 1938 and woke up in 1992 might think little has changed. Romanian neo-Nazis and German neo-Nazis have more than rhetoric in common.

To Break the Israel-Syria Deadlock

By Shai Feldman

TEL AVIV — The Israeli-Syrian talks in Washington are threatened with deadlock. The crisis may prove temporary — unless Hafez Assad or Yitzhak Rabin would like to be blamed for a deadlock — but it reflects serious obstacles confronting both sides.

establishment of one town and 31 agricultural settlements enjoys a wide national consensus. In contrast to the West Bank and Gaza, the Israelis on the Golan Heights have not settled in large numbers.

issues of withdrawal and sovereignty. Parallel to immediate Israeli recognition of Syrian sovereignty over the Golan Heights, Mr. Assad should accept that real withdrawal would be gradual, over 20 to 30 years.

1892: Uganda's Value LONDON — The Morning Post says in an editorial. The military value of Uganda is not small. Sooner or later it may be a useful point d'appui for the restoration of civilized government in that district.

For Europe, Union or Demons

By Samuel Pisar

PARIS — Blessed land of enlightenment and culture, accursed land of bigotry and violence, must Europe always excite the highest hopes only to dash them with the bitterest disappointments?

These truths come to me not only from what I have learned as a disciple of Jean Monnet, the "Father of Europe," or in the course of my work with business leaders beckoned by a burgeoning Common Market.

the younger generation of Europeans, who have led a relatively peaceful life, tend to ignore the tragic dimensions of their history. With the Cold War over and the Soviet Union in pieces, the specter of renewed fragmentation is not so alarming to many of them.

1942: No-Shirking Order WASHINGTON — [From our New York edition:] A far-reaching order affecting the right of draft-age men to leave jobs for which they have received occupational deferments, has been issued by the Selective Service System.

1917: Berlin 'Imprecise' PARIS — The Central Empires' reply to the Pope is severely criticized everywhere except in the Germanic press for its lack of precision and its unscrupility, and even some Austro-German newspapers publish outspoken adverse comment.

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صلى الله عليه وسلم

OPINION

California Shows the Uses Of a Big Wall to Back Into

By George F. Will

LOS ANGELES — "Dear Governor Wilson: If no one likes you then no one will vote for you. The teachers are going to go on strike. You better shape up or bye-bye you're out of there."



After a Movie, Still Waiting For the Twentieth Century

By Hans Koning

NEW YORK — This August I finally got to see a film that had haunted me, unseen, for decades: "Twentieth Century," made in 1934. It was screened at Lincoln Center in a Carole Lombard retrospective.

LETTERS TO THE EDITOR

The Long View of Europe

During a three-month period I have asked as many people as I could the same questions about European union. The answers vary little. Most of those who favor a European union express a sense of duty and a notion that a united Europe is, after all, our best choice in the long term.

will contribute to uniting Europeans instead of dividing them.

JORGEN J. HEMPEL, Coudrezeau, France. Actually, the 19th-century Klan, organized to frighten blacks from using their newly won franchise after the Civil War, disbanded after the Republican Party abandoned the Southern blacks to the whites and devices of the former Confederacy in exchange for the contested presidency in 1877.

The Risks of Truth

At least 25 journalists have been murdered since the outbreak of civil war in Yugoslavia. Many have been hit while traveling in clearly marked press cars. Some have been fired on while carrying bulky television equipment, others while showing press credentials.

Letters to the Editor

BRAD WRIGHT, St-Nom-La-Bretèche, France. I am concerned about the lack of will the West has shown in bringing immediate and effective relief to the people of Somalia. We don't hear military leaders calling for a chance to show what they can do with their huge fleets of aircraft, and yet we know they have the ability to blacken the skies of a country and bomb the people in a variety of ways.

Gentle Bombs for Somalia

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Two Centuries, Two Klans

Regarding "Intolerance and Co. Zero In on Bush's Soul" (Opinion, Sept. 15): Anthony Lewis erred slightly in his otherwise excellent article on the intolerance he sees in the Bush campaign. Referring to 19th-century intolerance move-

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Advertisement for TAMBORRADA FIESTA SAN SEBASTIAN, featuring a large image of drummers and text describing the event and recruitment opportunities. Text includes: 'Even if Work is the Reason you've Come, Something Special will be Waiting for you.', 'As THE WORLD'S business community is learning, the Spanish don't know the meaning of "all work and no play".' and 'In San Sebastián you might bump into the "Tamborrada", a collection of drummers. But wherever you do business in Spain, the celebrations are never far away. And whatever is on the agenda, who can blame the Spanish for heating the drum. On a business trip to Spain, "Jack" will feel anything but a "dull boy".'

UN: Leader Is Blamed

(Continued from page 1)

Panic, the onus of the UN expulsion as well as the economic collapse under way in Serbia and Montenegro.

Mr. Panic took the reins of the new Yugoslavia's government in early July and has since shuttled among world capitals in an attempt to have the sanctions lifted. He has also become entangled in a power struggle with Serbia's nationalist president, Slobodan Milosevic.

In a session of parliament on Tuesday, Milosevic supporters fiercely attacked him.

"Mr. Panic is a fundamental political catastrophe for Serbia," said Brana Cernovic, an ardent nationalist.

Vojislav Seselj, an "ethnic cleansing" proponent, also lashed out at Mr. Panic and the United States. "America has decided to break Serbia's back," he said.

Serbs in one of Belgrade's 6-kilometer (4-mile) gasoline lines were subdued Wednesday, far more concerned with bread-and-butter issues.

In the economic collapse, monthly inflation here has soared well above 50 percent, and unemployment is between 50 and 70 percent, Western diplomats said.

UN officials say sanctions will remain until Belgrade recognizes Croatia and Bosnia-Herzegovina in the borders that existed before Serbian irregulars hacked by the Yugoslav Army began carving out territories by force.

"This is difficult for Serbs to accept, because a Croat drew these borders," said Danir Katic, a 29-year-old mechanical-engineering student referring to Tito, the dictator who kept Yugoslavia's rabid nationalists at bay for 35 years after World War II. "But for our leaders to say that Serbia doesn't need the international community would be like Earth saying it doesn't need the galaxy."

■ Panic Pessimistic

Mr. Panic said Wednesday that the UN vote would make it harder to secure peace in the Balkans. Reuters reported from Washington, "Asked on television if the vote dampened chances for stopping the war, the Yugoslav prime minister said, 'I think so.'"

The country was also threatened with a war-crimes investigation based on allegations compiled by the UN that Serbs committed atrocities in the former Yugoslav republic.

The United States submitted to the General Assembly a list of what it said were credible allegations of crimes committed by Serbian forces armed by the Yugoslav Army.



CAMPAIGNER — Emil Constantinescu, the Democratic Convention presidential candidate, Wednesday in Bucharest. Romanians will elect a parliament and a president on Sunday.

ALLIES: Test for Germany

(Continued from page 1)

rency markets receive a decisive political signal that the franc will not fall.

That has to come from Bonn, and French officials said they expected it to materialize because German policymakers would see that there is an overriding political interest for their country in saving the link between the Deutsche mark and the franc.

But the real question, financial analysts said Wednesday, is whether Mr. Kohl still has sufficient leverage with political parties and the independent Bundesbank to deliver a strong enough signal to save the franc — for example, by sacrificing short-run German economic advantages as the price of solidarity with France.

"We'll go very, very far" in this direction, a German official said, because political leaders in Bonn are conscious of the potential dangers posed by a domestic revolt against Germany's commitments to European unity. "If the core of the existing currency cooperation with France collapses," he said, "the European process becomes impossible."

The political maneuvering in the crisis has been complicated by attitudes in Britain, which does not want to join any concerted effort to stabilize European currencies until Germany offers convincing evidence that it can limit the way in which the Bundesbank, with its domestic priorities, can influence the pan-European system.

Despite these technical problems, French officials said Wednesday, they expect policymakers in Bonn and central bankers in Frankfurt to recognize the political imperatives in offsetting the market onslaught against the franc.

These officials said, with what sounded like righteous indignation, that France had kept its implicit bargain with Germany, matching German performance in improving industrial and trading strength to become a reliable partner.

There is also a more fundamental calculation in Paris: A devaluation, even if it were a freak by-product of market conditions that defied the sound fundamentals of the French economy, would "psychologically devalue" a decade of efforts by the government to establish the credibility of French economic rigor.

Moreover, uncertainties about Mr. Mitterrand's future after his recent prostate surgery have clouded the franc's credibility. But the real political dilemma, a French analyst said, is that Mr. Mitterrand and Mr. Kohl, though their interests converge in saving the franc, may no longer have the political clout between them to quell the speculative frenzy.

EC Treaty: Danes Seek A 'Common Ground'

Compiled by Our Staff From Dispatches

COPENHAGEN — Denmark is seeking to find "common ground" with its European Community partners on the Maastricht treaty and does not want to unduly delay the ratification procedure, Prime Minister Poul Schluter said Wednesday.

Mr. Schluter spoke at a press conference, apparently in an effort to soften reports that his government was seeking to impose broad changes in the treaty on European union rejected by Danish voters June 2.

The prime minister suggested Tuesday that a way out of the deadlock would be additional protocols to make the Community more democratic and open, but on Wednesday he steered clear of any discussion of legalities.

"We simply want to initiate talks with our partners to find common ground, because these problems are common to all 12 of us," Mr. Schluter said, adding that the French referendum on Sunday showed opposition to Maastricht to be Europe-wide. The French narrowly approved the treaty.

"At a later stage we will see how to implement an agreement," he said.

Mr. Schluter again ruled out renegotiation of the treaty on monetary union and closer political and defense integration.

The government plans to present a white paper on options to the parliament next month and then start discussions with the other EC states that could lead to a new referendum here next year.

Mr. Schluter said the poll could come in the first half of 1993. On Tuesday, he said it might be conducted as late as next autumn. "We do not want anything, without a due reason, to be dragged out," he said Wednesday.

But he added: "It is not good enough to develop the future European Community along lines which perhaps 40 or 50 percent of our people dislike or feel hesitant about."

"There's no doubt the Danish government will introduce some clarification about the third phase and the issue of European defense."

The third phase concerns a single European currency. (APF, AP)

MONEY: Speculators' New Clout

(Continued from page 1)

and other central banks had spent billions more.

A generation ago, countries with currencies under attack by speculators could and did resort to capital controls, making it harder to move money into or out of the country in question. Now, such actions by major industrial countries are almost unthinkable, and are seldom even mentioned.

"Governments have lost that power to control capital, and they probably have lost it forever," said David C. Roche, Morgan Stanley's London-based global strategist. Like many other economists, he thinks the power of global markets have grown at the expense of governments.

"National governments no longer control their own economies, the way they arguably did 30 years ago," said David A. Wynn, the chief financial economist of DRI/McGraw Hill.

The shrinking of power reflects choices by governments, such as the widespread financial deregulation of the 1970s and 1980s, and technological innovations that made it far easier for speculators and investors to send billions or even trillions of dollars flowing around the world almost instantaneously, in search of quick profits.

"That is the difference from 30 or 40 years ago, the extraordinary movement of capital over a short period of time," said Henry Kaufman, an economist who gained

fame more than 20 years ago as an interest-rate forecaster for Salomon, and who now runs his own firm. "This makes life far more difficult for regulators."

The reduction of power can be overrated. Governments retain tremendous influence over economies, especially when the major governments can agree to coordinate actions. They have options in fiscal policy — raising or lowering government spending and taxes — and in monetary policy by influencing interest rates.

But, as C. Fred Bergsten, the director of the Institute for International Economics, noted, "If governments try to do inconsistent things, such as maintaining an exchange rate and not having policies that back up that rate, then the exchange rates get knocked off."

The European effort to fix currency rates within Western Europe was designed to provide the advantages of reliable and predictable exchange rates as companies do business across national borders. But trying to maintain that system — especially as pressures grew over the last two years, with Britain entering a long recession and Germany loosening its fiscal policy to pay for German reunification — reduced the flexibility of monetary policies in the various countries.

Germany felt it needed a tight money policy, to fight inflation stemming from its loose fiscal policy. Britain, meanwhile, needed a looser monetary policy to stimulate recovery, but found itself unable to have one. On Tuesday, having given up on efforts to support the pound, Britain was able to reduce interest rates.

Since the 1960s, the international flows of capital have grown sharply, and currency trading volumes are at many times the level needed to finance trade and investment. Where it was once unusual for investors to have a substantial part of their assets overseas, now it is quite common.

Moreover, much of the increase in overseas investing has come in only the last several years. American mutual funds have more than \$30 billion invested abroad.

A large part of that was invested in European countries, such as Italy, Spain and Britain, with relatively high interest rates. This month, as those currencies seemed to be in danger of sliding, fund managers rushed to hedge their positions, helping to overwhelm the abilities of European central banks to support their currencies.

The European governments have tried to have it all: relatively fixed exchange rates among countries that had significantly different economies and variant fiscal and monetary policies. The crisis showed that such a combination of policies cannot work forever.

CANS: Full Profit From Empties

(Continued from page 1)

Mr. Jeffers said that because of competition from what he says are about 20 other two-for-one men, he is reluctant to provide full details of his operation. Still, simple arithmetic shows that the 100,000 cans he cited as his weekly hot-weather volume yield revenue of \$5,000 in refunded deposits. Half that amount covers payments to his suppliers. And then there are expenses like rent, salaries and transportation.

Prudently he notes that his is a seasonal business. "Once the cold weather sets in there will be a sharp drop," he said.

Still, it is clear that Mr. Jeffers, who works 15- and 16-hour days, has prospered happily since his first two-for-one venture two years ago when he bought \$40 worth of cans with \$20.

Guy Polhemus, the founder and director of We Can, says that based on the amount of money that his redemption center has paid out to some people, the basic cash flow sketched out by Mr. Jeffers is credible.

There are definitely guys out there making \$60,000 or \$70,000, all of whom were homeless," said Mr. Polhemus, who organized We Can after he heard street dwellers at a soup kitchen complain about how hard it was to redeem empties.

He says he hears complaints these days that his organization, which depends on contributions, is helping not only down-and-outers but up-and-comers like Mr. Jeffers. "I just tell them it's the American way," he said.

ICON: Russians Rush to Sample 'Forbidden Fruit'

(Continued from page 1)

construction know-how that promises "reliability from America."

In many of the drab, state-run grocery stores, shelves are filled with cans of Pepsi and Diet Coke, M&Ms and chewing gum. These products, with their bright packaging, stand out as if lit up.

A block from KGB headquarters, where people who were caught trading in then-illicit Western goods and dollars once were incarcerated, Lincoln Continentals, Chevrolets and Cadillacs are on display.

Russia's growing moneyed set of former Communist bureaucrats, quasi-capitalist hustlers and employees of foreign companies has begun to buy the U.S. cars, although Volvos and Mercedes — earlier entrants into the Russian market — are still more numerous.

The dollar, meanwhile, has become Russia's second currency. It is openly used everywhere — at street kiosks and markets, at hotels and restaurants, for paying salaries — and is more coveted than the yen or the Deutsche mark. While the dollar falters elsewhere, recently hitting postwar lows in Europe, it is king in Russia. Trading at about 32 rubles a year ago, one dollar now fetches 241 rubles at the official rate, and most economists think that trend will continue.

The combination of strong dollar and low prices — by world standards — means that, for an American, almost anything locally produced is eminently affordable. A new Russian piano costs only \$200, a loaf of bread 7 cents, a jar of black

caviar \$2.50, a half a kilogram (one pound) of tomatoes 15 cents and a roundtrip airplane ticket between Moscow and St. Petersburg, a distance of 650 kilometers (400 miles), about \$10.

In a country where the average wage is about \$25 a month, these prices are high for Russians. As a result, workers, taxi drivers, landlords and government officials all request dollars, not only for use in foreign currency stores but also as a hedge against inflation.

It is not only American things and money that are riding high. Having decided that the Communist system failed them miserably, leaving Russians with a living standard well below even the levels in the poorer countries of Europe, most people have transferred their hopes to communism's archenemy: the unfettered capitalism and democracy of the United States.

"What was black for so long is now white," said Victor Borisjuk, deputy director of the Institute for Study of the U.S.A. and Canada. "America is seen as the land of opportunity, as Russia's salvation."

As a result, U.S. consultants are becoming almost as ubiquitous in Moscow as in Washington, providing a booming business to the growing number of five-star hotels operating in the Russian capital.

Prime Minister Boris N. Yeltsin relies on U.S. academics to formulate the strategy for moving Russia to a market economy. Local governments have brought in U.S. lawyers and experts to build Western telephone systems.

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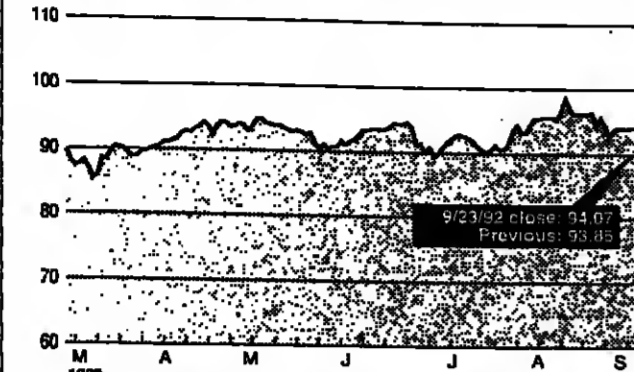
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For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

Spanish Controls Buoy Peseta

By Tom Redburn International Herald Tribune Spain launched a preemptive strike against currency speculators by reintroducing emergency capital controls Wednesday in an effort to shore up the ailing peseta.

The mark was fixed Wednesday in Madrid at 68.02 pesetas, falling from a Tuesday fixing at 71.109 pesetas. The Bank of Spain, however, softened the blow of its new rule considerably by later telling banks they could continue to lend without penalty to foreign bondholders who borrow pesetas to hedge against currency swings.

Under fresh pressure this week from speculators betting on further devaluations, unlike France, which raised a key intervention rate Wednesday to 13 percent from 10.5 percent, Spain appeared to be trying to resist similar action.

Brady Proposes Study of Global Capital Flows

WASHINGTON — Treasury Secretary Nicholas F. Brady, after admitting that central banks were being overwhelmed by currency speculators, on Wednesday called for a study of global capital flows by the Group of 10 industrialized nations.

French Aims in Battle of the Franc

By Carl Gewirtz International Herald Tribune PARIS — What is so important for France that it risks the disruption and ridicule of a defeat by the markets through its determination to hold the value of the franc stable against the Deutsche mark?

China Sets Up Units To Supervise Markets

BEIJING — China announced plans Wednesday for three large securities houses formed by state-owned banks to assert control over the country's troubled stock and bond markets and restore flagging investor confidence.

INTERNATIONAL MANAGER

Stockholder Activist Lists Companies It Will Target

By Linda Grant Los Angeles Times Service NEW YORK — The opening salvo in the 1993 campaign by stockholder activists was fired Tuesday when the United Shareholder Association released a list of 30 U.S. companies that it is targeting for nationwide pressure next year.

Fed Report Finds Slow U.S. Economic Growth

WASHINGTON — The Federal Reserve Board on Wednesday issued a modestly upbeat assessment of the U.S. economy, stating that economic activity was improving slowly in most of the nation, although long-troubled regions still were experiencing sluggish to nonexistent growth.

Corp. said Wednesday that U.S. business failures surged 11.6 percent in July, to 8,580 from 7,688 in the like month last year. The data did nothing to cheer the stock market after its 39.98-point fall on Tuesday, and investors also were pressured by concerns about the dollar in light of high short-term interest rates in Europe.

In its so-called Tan Book report on current U.S. economic conditions, the Fed found weakening only in the areas covered by its San Francisco and Chicago district banks. "Cleveland, Dallas, Kansas City, Philadelphia and Richmond report modestly improved conditions in their districts," said the report.

High executive pay heads the list of complaints about unresponsive companies.

The group's list includes companies whose chief executives have been criticized for excessive pay, such as Champion International and Time-Warner, as well as corporations whose performance has badly deteriorated, such as Citicorp and International Business Machines.

Investors Stay Cool to Russia's Far East

By Steven Brull International Herald Tribune VLADIVOSTOK, Russia — Residents of this port city still remember when Mikhail S. Gorbachev visited six years ago and declared the Russian Far East would become part of the economic dynamo of the Asian-Pacific region.

few Russians here appear to recognize the potential benefits Asian capital, technology and management could bring. And those that do often see better prospects in the decaying domestic economy, or with Western Europe and America. "Japan may be our most important economic partner, but the potential is greater with Western nations," said Vadim V. Shmatzky, deputy general director of Aces Co., a trading company.

against Tokyo's hard-line stance in its dispute with Moscow over four tiny fog-shrouded islands north of Hokkaido, which the Soviet Union seized in the closing days of World War II.

Currency & Interest Rates table with columns for Cross Rates, Eurocurrency Deposits, and Key Money Rates.

Table with columns for Cross Rates, Eurocurrency Deposits, and Key Money Rates.

BAe Reports Loss, Delays Its Dividend

LONDON — British Aerospace PLC surprised investors Wednesday with a batch of bleak news that included a £129 million first-half loss, 3,000 layoffs and a delay in its dividend.

China Sets Up Units To Supervise Markets

BEIJING — China announced plans Wednesday for three large securities houses formed by state-owned banks to assert control over the country's troubled stock and bond markets and restore flagging investor confidence.

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NASDAQ

Wednesday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Symbol	Price	% Change
IBM	110.00	+0.50
MSFT	60.00	+0.25
ORCL	45.00	+0.10
INTL	35.00	+0.15
GOOG	25.00	+0.20
AMZN	15.00	+0.10
EBAY	10.00	+0.15
SHOP	8.00	+0.10
WALD	7.00	+0.15
WALR	6.00	+0.10
WALM	5.00	+0.15
WALG	4.00	+0.10
WALH	3.00	+0.15
WALI	2.00	+0.10
WALJ	1.50	+0.15
WALK	1.00	+0.10
WALL	0.80	+0.15
WALM	0.60	+0.10
WALN	0.50	+0.15
WALO	0.40	+0.10
WALP	0.30	+0.15
WALQ	0.20	+0.10
WALR	0.15	+0.15
WALS	0.10	+0.10
WALT	0.08	+0.15
WALU	0.06	+0.10
WALV	0.05	+0.15
WALW	0.04	+0.10
WALX	0.03	+0.15
WALY	0.02	+0.10
WALZ	0.01	+0.15

Air France Forges Link to Air Canada

Compiled by Our Staff From Dispatches
PARIS—Air France announced Wednesday that its UTA unit would be merged completely into Air France operations and that it had formed a strategic alliance with Air Canada.

Air France said the merger with UTA would end the two airlines' current agreement, which took effect in January 1992. Under that accord, Air France leased the assets of UTA and managed them under the UTA name. UTA planes will now fly under the Air France name.

Industrial activities are being regrouped, which will permit us to battle more efficiently against the current crisis in this sector," Air France said.

The alliance with Air Canada links the airlines' customer service operations and coordinates cargo and passenger flight schedules. Air France has a similar cooperation accord with Lufthansa of Germany and another is planned with Czechoslovakia's CSA.

Under the accord, Air France will use Montreal, Toronto and airports in western Canada to improve services in North America. Air Canada will use Roissy-Charles de Gaulle Airport in Paris as a hub for its operations in Europe, Africa, the Middle East and Asia, the company said.

The two airlines will coordinate timetables to reduce transfer times, and provide improved check-in facilities permitting passengers to check through to their final destinations on multistage flights at their airport of departure.

Two other European carriers have reached similar deals with North American airlines.

Earlier this month, KLM Royal Dutch Airlines, which has a 20 percent stake in Northwest Airlines, won unrestricted access to U.S. airports under a bilateral "open skies" accord between the U.S. and Dutch governments. KLM and Northwest have asked the United States for permission to operate as if they were a single global airline.

British Airways PLC is also hoping that its proposed partnership with USAir may provide a lever to open skies between the United States and Europe.

Other U.S. carriers have asked the U.S. government to block the British Airways plan to invest \$750 million in USAir, claiming that Britain has refused to consider reciprocal opportunities for U.S. airlines. (AP, AFP, Bloomberg)

Investor's Europe

Exchange	Index	Wednesday Close	Previous Close	% Change
Amsterdam	DAX	1,557.83	1,550.94	+0.48
Frankfurt	DAX	1,557.83	1,550.94	+0.48
Frankfurt	FAZ	613.94	612.92	+0.17
Helsinki	HEX	577.81	577.25	+0.10
London	Financial Times 30	1,901.80	1,910.10	-0.43
London	FTSE 100	2,590.50	2,588.00	-0.21
Madrid	General Index	205.22	207.70	-1.19
Milan	MIB	721.00	725.00	-0.55
Paris	CAC 40	1,826.93	1,832.81	-0.21
Stockholm	Akersavärdan	834.19	835.81	-0.25
Vienna	Stock Index	378.05	375.98	+0.52
Zurich	SBS	648.90	645.70	+0.50

Very briefly:

- Belgium's Labor Ministry said the failure by the Flemish regional government to put up 350 million Belgian francs (\$11.54 million) as its part of a refinancing package for the Antwerp shipbuilder Boelwert could cost 6,000 jobs; the company's employees have occupied its plant.
- Crédit Lyonnais continued to be rated a "sell" at Hoare Govett in Paris following the French bank's announced 92 percent decline in first-half profits based upon an income of 119 million francs (\$2.3 million) during the first half of the year, compared with 1.61 billion francs a year earlier.
- Lafarge Coppée said its first-half net profit rose to 695 million francs, up 1 percent from 688 million a year earlier, but that earnings per share fell 2 percent, to 13.4 francs.
- Britain's Central Statistical Office said second-quarter gross domestic product declined an seasonally adjusted 0.1 percent from the first quarter and fell a 0.6 percent from a year earlier.
- IW, the German economics research institute based in Kiel, said that official statistics about Eastern German industry exaggerated the "crisis" in the region because small businesses were not included in the data, but these generally remained optimistic about their prospects.
- Mexicana Airlines of Mexico has ordered 100 Fokker 100 fanjet planes from the Dutch builder Fokker NV to upgrade service on the Mexico City-Guadalajara route, and it has taken options on eight more.
- IMI PLC said it was negotiating to acquire the industrial valves division of Sulzer Thermotec AG of Switzerland, which employs 230 people at its headquarters and factory in Oberwinterthur, near Zurich, and at a branch in Japan. (AFP, Bloomberg)

Swedish GDP Falls by 1.2%

AGENCE FRANCE PRESSE
STOCKHOLM—Sweden's gross domestic product fell 1.2 percent in the first six months of the year, compared with the like period last year, the Swedish Central Statistics Bureau said Wednesday.

Growth so far this year amounts to a 2 percent decrease in the first quarter and a 0.5 decrease in the second quarter.

Private consumption fell about 1 percent in the first six months of the year, while public consumption decreased almost 0.5 percent.

Sugar May Purchase All Amstrad Shares

Compiled by Our Staff From Dispatches
LONDON—Alan Sugar, chairman of the computer maker Amstrad PLC, said Wednesday that he was considering a plan to buy the nearly two-thirds of the company that he does not already own at 30 pence per share.

The offer would value Amstrad's 550 million shares at £165 million (\$280 million). Mr. Sugar, who founded Amstrad in 1968 and took it public in 1980, owns 35.4 percent of the company.

A statement from Amstrad said purchase of the remaining shares was subject to Mr. Sugar's obtaining the necessary financing and to other, unspecified conditions. Mr. Sugar has been in discussions about such a plan with company officials since late August.

The operation would cost Mr. Sugar about £110 million. At its peak in 1988, Amstrad was worth £1.3 billion.

Tim Holland-Bosworth, Amstrad's financial adviser, said the company was "considering" the bid. He added that if an offer was made, it was likely to be straight cash and was more likely to be an agreed bid than a "unilateral" one.

Amstrad shares rose briefly on the news Wednesday, jumping 2.5 pence, to 27.5 pence, but closed unchanged at 25 pence.

The company reported a pretax loss for the first time ever for its first half ended Dec. 31, partly because of "price dumping" in personal computer markets, oversupply and costs associated with its withdrawal from non-profitable computer games and entertainment markets.

Analysts said they expected losses of up to £75 million when Amstrad reports full-year earnings on Oct. 2. Last year, the company recorded profits of £20.2 million; in 1988, it made a record £160 million. (AFP, Bloomberg)

EAST: Russia Fails to Lure Foreign Investors to Projects in its Asian Lands

(Continued from first finance page)
WARSAW—President Boris N. Yeltsin's abrupt cancellation of his trip to Tokyo earlier this month has only forced Japan to affirm its refusal to provide major economic assistance to Russia until the issue is resolved.

Without such aid, there is little incentive for Japanese businesses to help convert the Far East's substantial military factories to civilian use, or to show interest in the region's plans to upgrade its seaports, power plants and other infrastructural improvement projects.

Although Japanese officials deny they interfere with private companies wishing to do business with Russia, Japanese executives say there is pressure to keep a low profile. "The Foreign Ministry tells us 'just don't mention money to the Russians,'" said Rytaro Omori, president of the Nippon Chuo Bank Ltd. In addition, he said, businesses worry that active involvement in the Russian Far East would provoke retaliation from rights groups.

In contrast with other branches of the Japanese government, however, the Ministry of International Trade and Industry has supported oil and gas development projects in Russia, part of a national strategy to diversify sources of energy.

On Thursday, it announced it had finalized a deal to extend \$700 million in export credits for sales of equipment to recover natural gas from Western Siberia and for seamless pipes to transport it to European markets. It was the first segment of \$2.6 billion in bilateral aid Japan has committed to Russia.

MITI is also completing work on a \$700 million export credit to support oil production in Western Siberia, according to Kimihisa Kitakata, director of its International Trade Insurance Division.

But while sales of pipes and machinery will give a flip to Japan's exports to Russia, and could help boost that country's hard currency earnings, they will do little to promote economic integration with the Far Eastern region. The members tell the story: Japan's trade with Russia, mostly imports of minerals, timber and fish from Siberia and the Far East and exports of pipes and equipment for resource extraction, comprises just 1.2 percent of Japan's total trade. For Russia, Japan is an equally insignificant partner.

Things looked better in the 1970s, when the oil shocks boosted Japanese exports of extension machinery and enhanced Tokyo's anxiety over access to energy.

But the slump in oil prices also contributed to the undoing of trade. As Russia tried to keep its economy afloat by pumping more oil, Japan, along with other nations, responded by boosting energy efficiency.

Meanwhile, the Soviet economy, addicted to a cheap supply of energy and unable to get imports of Western technology, remained mired in a heavy industry mindset. As time

passed, its economy became more distant from Japan's, says Itaru Otawa, senior economist at the Institute for Russian & East European Economic Studies in Tokyo.

Typical is the case of Mitsui & Co., the Japanese trading house, which invested 600 million yen (\$4.83 million) three years ago in a sawmill in central Siberia. Now the roof needs repair, but the hard currency Mitsui invested has been frozen for the past year, said Nobuhira Suzuki, the company's chief representative in Khabarovsk.

Not only have Japanese companies had their assets frozen, the nation's trading companies say Russia's unpaid trade bills totals about \$1.36 billion.

Despite the political and legal landmines, a handful of creative Japanese and Russian businessmen are setting up deals that could lay the groundwork for greater regional integration. Mr. Omori, for example, hopes to reach a basic agreement by the end of October to use fish as collateral against a \$50 million loan that would be used for economic development in Khabarovsk. "If the Ministry of Finance complains, we'll just say it's a prepayment for fish," he said.

Next: Vladivostok's bad investor.

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Mezzanine Capital Corporation Limited

Notice to the holders of the Bearer Deposit Receipts ("BDRs") evidencing Participating Redeemable Preference Shares of US 1 cent each ("Shares") of Mezzanine Capital Corporation Limited (the "Company")

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN to the holders of the BDRs that the Annual General Meeting of the members of the Company will be held at Capital House Building, Bath Street, St. Helier, Jersey, Channel Islands on Monday, 18th October, 1992 at 11.00 a.m. for the purpose of considering and voting on the following matters:

- To receive and consider the Accounts and Balance Sheet and Reports of the Directors and Auditors for the year ended 31st May, 1992.
- To declare a final dividend of U.S. \$1.00 per Participating Redeemable Preference Share to be payable as from Wednesday, 21st October, 1992.
- To re-appoint Messrs. Price Waterhouse as Auditors of the Company and to authorize the Directors to fix their remuneration.
- To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

BDR holders have the right to attend and speak at the Annual General Meeting but not themselves to vote there. BDR holders may however instruct the Depository as to the exercise on their behalf of the voting rights attributable to the shares evidenced by the BDRs which they hold.

Instructions as to voting must be given either to the Depository or to a Paying Agent. Copies of the Depository's ("Paying Agent") in writing not later than Wednesday, 14th October, 1992 and must be accompanied by the BDR in respect of the Shares for which such instructions are given. The Depository or relevant Paying Agent must be satisfied that such BDR is held in a blocked account to its order and that the BDR is not being used to exercise any voting rights.

Copies of the Company's Annual Report may be obtained from any of the Paying Agents listed below and Euroclear and Cadet.

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ADVERTISING SECTION

Arab Banking and Finance

Rising Revenues and a Wave of Mergers

With the Middle East projected to have the world's highest growth rate this year — 15 percent, according to the International Monetary Fund — many of the region's banks and financial institutions are finding that the problem is not how to obtain deposits, but where to place their cash.

While liquidity is mounting in the Gulf, considerable difficulties lie ahead for institutions with low capital-to-assets ratios. As a result, a wave of mergers can be expected within the next year.

The flow of funds into the banking system has been particularly marked in Saudi Arabia and the United Arab Emirates, but other institutions in Qatar, Oman and Egypt have also benefited. In Saudi Arabia, overall customer deposits rose by more than 19 percent in 1991, according to figures produced by the Saudi Arabian Monetary Agency, the country's central bank.

While some of this increase represented a return of funds taken out to safer havens during the Gulf crisis, bankers in the kingdom report that money is also flowing into the country as a result of growing confidence in the local economy. Concerns about the recession and declining property and equity markets overseas have also contributed to the situation.

In addition, sharp increases in both the volume and prices of shares traded on the Riyadh stock exchange have helped to attract short-term cash. By early September, the official stock-market index stood at 217 points, compared with only 109 points at the beginning of 1990. Market capitalization has

also risen dramatically: by 68 percent in 1991 and by 39 percent in the first five months of this year.

Arab National Bank, the joint venture involving the Amman-based Arab Bank, reported a rise of 44.5 percent in its customer deposits in 1991, to 15.62 billion Saudi riyals (\$4.2 billion). Meanwhile, customer deposits at the Al Rajhi Banking and In-

vestment Corporation, which operates according to Islamic principles, were up 30.5 percent, to 16.31 billion Saudi riyals. In the case of Saudi American Bank (Samba) — 30 percent owned by Citibank of the United States — and Al Bank Al Saudi Al Fransi, 40 percent owned by Banque Indosuez, the inflows were also impressive: Samba saw a rise of 23.8 percent, to 28.32 billion Saudi riyals, while Al Fransi posted an increase of 14.8 percent, to 16.81 billion Saudi riyals.

With assets for most Saudi banks also up impressively, and with institutions such as ANB and Samba earning more fees from their new mutual funds and share trading, revenues and profits have also risen remarkably.

million), while those at Emirates Bank International reached 8.38 billion dirhams, a rise of 36.9 percent. The National Bank of Abu Dhabi, one of the largest in the country, reported deposits at the end of last year of 20.06 billion dirhams, up 16.8 percent. Citibank UAE saw its profits rise from only 1.9 million dirhams in 1990 to 17.3 million dirhams in 1991, partly because of a 36 percent rise in deposits and a 50 percent growth in its consumer-banking business, according to bank officials.

Elsewhere in the region, Qatar National Bank announced that customer deposits rose 15.4 percent, to 9.86 billion Qatar riyals (\$2.71 billion), fueling an increase in net profits in 1991 to 270 million Qatar

riyals, up 24.4 percent. The Commercial Bank of Qatar in turn witnessed a 30.7 percent rise in customer deposits, to 1.21 billion Qatar riyals, with profits increasing 30.7 percent over the year, to 21.7 million Qatar riyals. The Bank of Muscat in Oman announced a sharp increase in 1991 profits, to 1 million Oman riyals (\$2.7 million), almost seven times higher than those of 1990; customer deposits rose 30 percent, to 124.2 million Oman riyals.

In Bahrain, the Gulf International Bank has also announced a recovery in its earnings following a loss in 1990 due to the Gulf crisis. Net profits in 1991 reached \$46.5 million, while total assets amounted to \$5.86 billion. GIB is now owned by the Gulf Investment Corporation, the Kuwait-based organization whose shareholders include Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman.

Arab Banking Corporation, also based in Bahrain but active in other important global money centers, staged an impressive turnaround, reporting net profits in 1991 of \$45 million. This compares with a loss of \$97 million in 1990 as a result of the Iraqi invasion of Kuwait. Assets last year stood at \$20.45 billion.

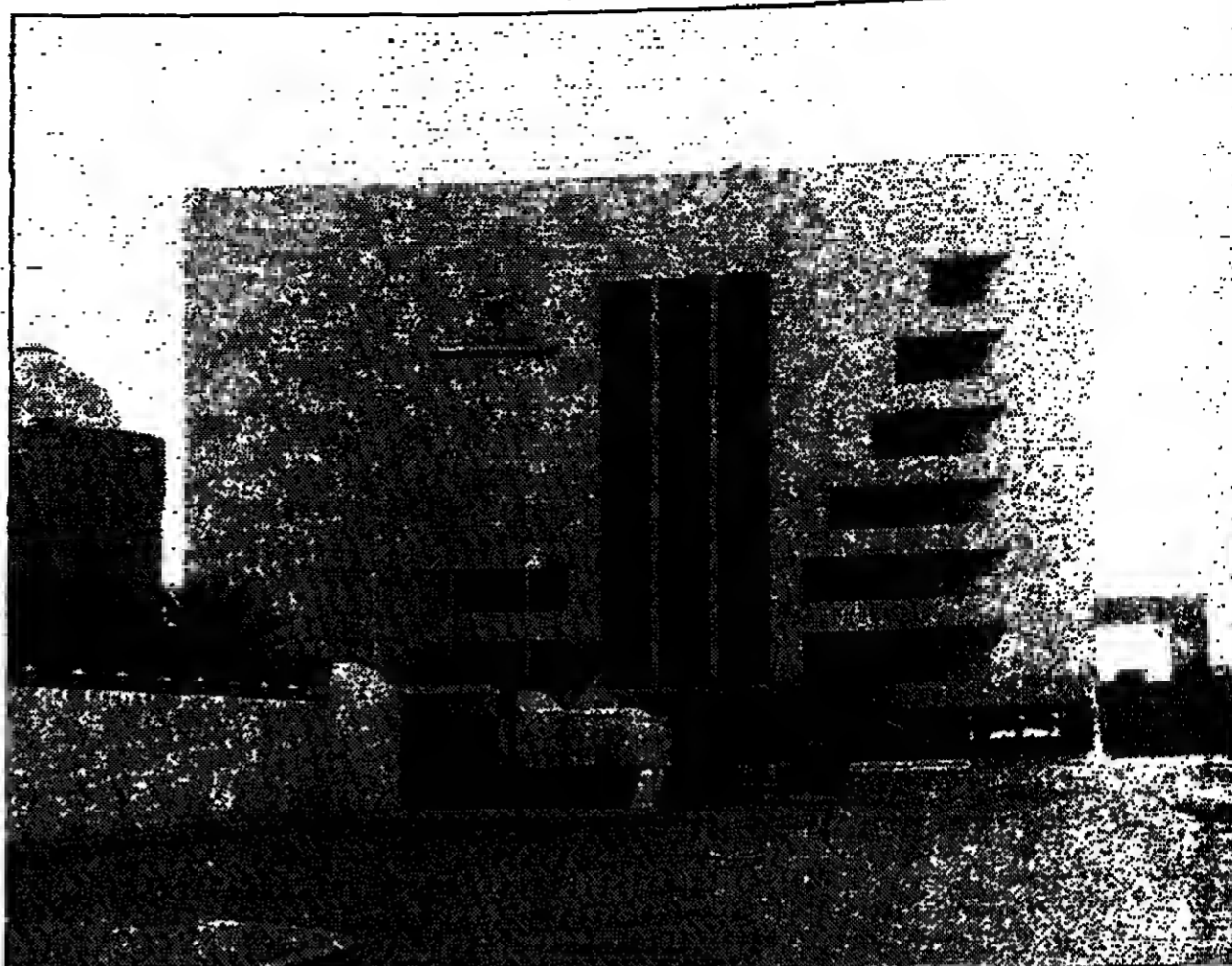
ABC, which has increasingly drawn the at-

ention of international investors, was the first bank in the Arab world to launch a public share offering with a flotation in both Bahrain and Paris. The issue, which took place in 1990, raised its paid-up capital to \$1 billion. ABC's board recommended a pay-out of \$25 million to its shareholders after announcing the 1991 results.

Meanwhile, the repatriation of savings by Egyptians working abroad during and after the Gulf crisis, together with a broad package of economic and financial reforms, has also fueled a sharp rise in liquidity in Egypt's banking system. Customer deposits at the Egyptian American Bank, a joint venture of the Bank of Alexandria and American Express Bank of the United States, rose 22.2 percent in 1991, to 2.23 billion Egyptian pounds (\$677 million). Customer deposits at Misr International Bank, whose foreign partners include the First Na-

tional Bank of Chicago, were up 41.3 percent, to 817.7 million Egyptian pounds.

The liberalization of interest rates last year, a major factor in the return of funds, also helped Commercial International Bank increase its net profits in 1991 by 25 percent, to 75 million Egyptian pounds. Deposits rose 29.8 percent, to 2.94 billion Egyptian pounds. CIB — whose majority shareholder is the state-owned National Bank of Egypt, the largest commercial bank in the country — approved an offer from the Washington-based International Finance Corporation in August to buy a 10 percent stake as part of a planned capital increase, according to reports in London. The improved access to funds, together with the government's program of privatizing industrial concerns, should also help another of the country's best performing



Bahrain Monetary Authority: Regional regulatory bodies keep close watch over banks and financial institutions.

institutions, the Export Development Bank of Egypt, which has played a major role in tourism and in attracting foreign investment.

In contrast, Arab International Bank managed to weather the wave of withdrawals that followed the imposition of U.S. sanctions on Libya thanks to its considerable reserves; the latter amounted to \$87 million at the end of 1991. AIB's shareholders include several Gulf governments and Egypt, as well as Libya, and it is not included in the sanctions order.

Despite the inflow of funds, however, the coming year could see a wave of bank mergers as the region's central banks start to implement the new capital-adequacy ratios set by the Basel-based Bank for International Settlements and to implement much-needed reforms aimed at tightening up supervision. Adnan al-Hindi, the secretary-general of the Beirut-based Union of Arab

Banks, warned at the end of August that a failure to respond to his organization's calls for such mergers could leave many Arab banks too weak to face growing international competition. Several Arab institutions based abroad could also be forced out of business, he added, unless they took steps to increase their capital in line with the BIS rulings.

Officials in both the UAE and Kuwait, where the problem of overbanking is particularly acute, recently initiated moves to improve regulation and to create a climate favorable for consolidation of the financial sector. In the UAE, a new board of directors for the central bank was named earlier this year; the board is headed by a new governor, Sultan Nasir al-Suwaidi, the highly respected former managing director of Abu Dhabi Commercial Bank and of the Bahrain-based Gulf International Bank.

In Kuwait, the passage of a huge debt-settlement program in March providing compensation for investors who suffered from the war and from the collapse of the stock exchange has paved the way for a complete restructuring of the financial sector. Under the terms of the program, the government is to purchase the entire loan portfolio of the sheikhdom's 11 commercial and investment banks after allowances for their provisions. Banks are to receive long-term government bonds in return; as a result, they can now publish their long-awaited balance sheets, a necessary condition for the consolidation of the sector.

"We have to clean up our institutions in Kuwait," the governor of the central bank, Sheikh Salem al-Sahab, said at the time. "I am sure that we are overbanked here, even with investment companies." His organization, he added, was "looking at the geographical distribution of our banks both from a domestic and foreign point of view. We have to ensure that they can meet [international] capital-adequacy ratios."

Pamela Ann Smith

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. Pamela Ann Smith, based in London, writes often about Middle East topics. Olfat El-Tohary is a journalist, business consultant and lecturer in business communications based in Cairo.

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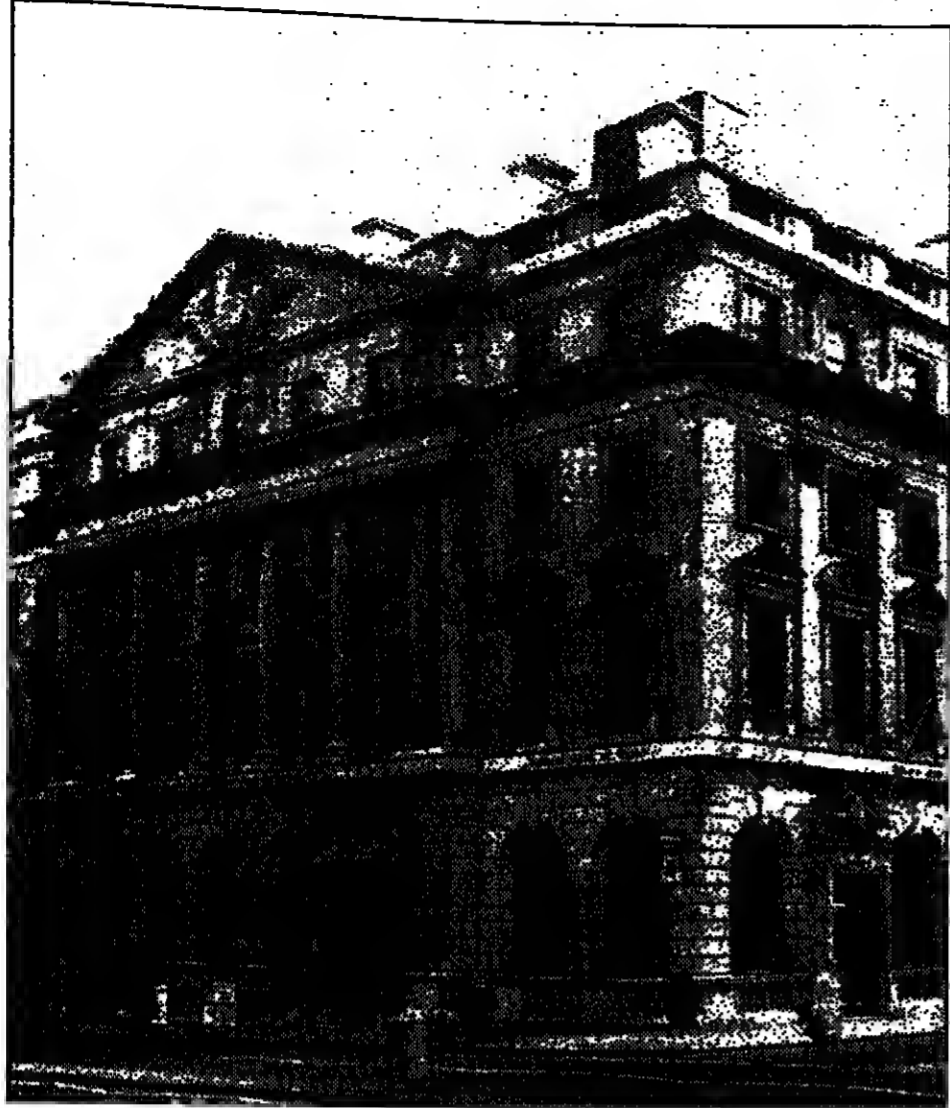
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This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. Pamela Ann Smith, based in London, writes often about Middle East topics. Olfat El-Tohary is a journalist, business consultant and lecturer in business communications based in Cairo.



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Banking on Quality: A Financial Cleanup

Mahmoud Abdel-Aziz, chairman of the National Bank of Egypt and president of the Union of Arab Banks, discussed the challenges facing the Arab banking industry in an interview with Olfat El-Tohamy.

What are the main challenges that Arab banks must face now and in the foreseeable future? Are they prepared to face them?

The main challenge Arab banks are facing now is to operate according to international standards, so that they may become recognized as international banks based on adequacy, quality and performance. Starting from 1993, no Arab bank in the world will be operating unless it meets capital-adequacy requirements. Fortunately, Arab states are rich in capital. We are highly capitalized, but high capitalization resulting from the richness of the owner or the institution is not the issue. The issue is not replenishing capital to meet adequacy requirements; it is quality that matters. Raising capital to the level of inadequate or high-risk assets might satisfy foreign banks or the outside world, but cleaning the house is a different matter. It is essential that a level be set for high-risk assets in every bank, even if its

adequacy ratio is high. Banks should pay attention to setting standards for themselves out of concern about their standards of performance and their capital.

Raising capital is the easy way out, and one that might satisfy European and American regulatory authorities, but it should not be considered satisfactory by the owners of this capital or the authorities monitoring performance locally in each Arab country.

Arab banks are aware of their role and the importance of facing up to these challenges, but the environment in which these banks operate definitely has to improve in a fundamental way following the Gulf shock—nobody can deny that. Some states have begun to establish legislative bodies, and the social structure is changing. The political systems embracing the banking systems in Arab countries have begun to realize that they have to face challenges and that the legal basis for healthy economic activities should ensure fairness and be based on technical considerations to ensure continuity and a healthy performance for banks.

How much of the performance of Arab banks is due to local and regional economic conditions, how much to the state of development of the banking industry, and how much to the role of regulatory bodies in monitoring and setting standards for performance?

The three reasons exist in varying proportions, and it is hard to generalize, given each country's different conditions. There are three categories of countries in the area. One group has no economic problems and a developed industry, but the monetary authority in it is weak,

which reflects on banks. Then there are the former Socialist countries, including Egypt, where the monetary authority is strong, but the industry that was developed fell behind because of social and political measures that have restricted the banks' development. The third group is that of underdeveloped countries, where there is little economic activity, so how can you expect the banking industry to be developed? And how would a developed monetary authority be established in such countries?

Arab banks operating overseas as well as those operating in the Arab world are facing tougher competition from foreign banks as new international standards for banking practices are set and enforced and the banking and finance sectors in various Arab countries are opening up and becoming liberalized. What is your assessment of how Arab banks are coping with these developments? Can they adjust to the new conditions, and at what cost?

There is no doubt that competition within the new international system is tough and fierce. But the issue is the inconsistent positions that some countries adopt toward the Arab entities operating in them.

Our presence in the United States, for instance, does not give us the privilege to ruin banking operations there. We have to respect the monetary authority there and respond to its demands. But if we are rectifying conditions that have resulted from laxity, then they have to give us a chance and monitor progress within this offshore unit or Arab entity incorporated overseas.

Those trying seriously to rectify their conditions, whether they are small or

poor, should receive support and be allowed to overcome their difficulties. Those that cannot adjust should quit.

The cost does not matter if the expenses are justifiable without exaggeration or injustice. The cost of becoming healthy is what banks should bear locally and overseas, measuring the benefit against the cost.

This is what we advocate among Arab banks, so that they respond to the requirements of survival and well-being.

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New Investment Products and Services

Arab banks and financial institutions are coming up with a series of new products to cater to the needs of investors, a move that is also promising a wide range of new fee-earning services that will add to the banks' profits this year.

Arab investors, concerned about economic recession internationally and increasingly optimistic about their own economies, are looking for new investment outlets closer to home.

One of the most attractive areas for investors is the series of local invest-

Islamic funds growing rapidly

ment and unit trusts (mutual funds) recently introduced by banks in Saudi Arabia, where the repatriation of funds since the Gulf crisis has produced an extremely high degree of liquidity. First off the mark was the Arab National Bank, a joint venture involving Saudi shareholders and the Amman-based Arab Bank. ANB launched three funds this spring: a murabaha fund specializing in instruments based on Islamic principles, a local investment fund and an international investment fund.

Reflecting ANB's conservative, low-risk approach, the latter two will have one-third of funds in shares, one-third in bonds and another third in cash or near-cash investments. All are open-ended.

According to Elie El Hadj, the bank's managing director in Riyadh, by early September the murabaha instrument had taken in 260 million Saudi riyals (\$69 million); the local fund, 160 million Saudi riyals; and the international fund, \$10 million. In dollar terms, this represented a total of \$122 mil-

lion. ANB was also the first Saudi bank to join ESIS, the screen-based electronic share-trading system currently being promoted by the Saudi Arabian Monetary Agency, the kingdom's central bank. Mr. El Hadj attributes part of the success of the funds to this initiative and adds that the bank is now planning to extend its share-trading services to local branches.

Saudi American Bank (Samba), 30-percent owned by Citibank of the United States, has also launched a series of investment funds based in U.S. dollars and in Saudi riyals. Clients have a choice of 10 open-ended packages with a minimum investment of \$7,000. Subscription fees range from zero to 1 percent, depending on the fund and on the amount invested. Management fees are charged at a rate of 1 percent to one-fifth of net profit, depending on the particular fund.

In addition, Samba has also issued a prospectus for its Petrosamba Fund, which concentrates on investments in the oil and energy sectors. Minimum investment in the U.S.-dollar-based fund is \$50,000, and redemption is allowed at the end of every quarter on any sums accrued beyond the minimum. The subscription fee is 1 percent, with the fund aiming at a high return based on a spread of low-risk investments in U.S.-based money-market instruments with "relatively speculative investments" in spot, futures and op-

tions contracts, according to Samba officials.

With an estimated quarter of all customer deposits in Saudi banks earning no interest because the account holders refuse to accept it for religious reasons, and with millions of riyals, dirhams and dinars circulating outside the banking system in the Gulf states and elsewhere because of a reluctance to deal with interest-based institutions, funds based on Islamic principles are also expanding rapidly. Al Rajhi Banking and Investment Company, one of Saudi Arabia's largest institutions, introduced its Al Rajhi Currency Fund and Al Rajhi Maritime Leasing Fund at the end of last year to complement its Commodity Mudharaba Fund. According to the bank, the commodity fund's balance at the end of 1991 had risen fivefold over the year.

The Al-Baraka Investment and Development Company of Jeddah is also planning large increases in the capital of two of its Bahrain-based offshore investment firms to create one of the region's largest facilities for Islamic investors. The capital for the Al-Tawfiq Company for Investment Funds is to be raised from \$20 million to \$200 million, giving it the ability to launch funds of up to \$2 billion, according to Al-Baraka officials; the capital of the Al Amin Securities Company is to rise to \$160 million, enabling it to launch funds of up to \$1.6 billion.

The Jeddah-based company's London subsidiary,

the Al Baraka Investment Company, is also drawing up plans to launch a U.S.-dollar-based fund to invest in the U.S. property market, says Managing Director and Chief Executive Dr. Yousef A. Al-Awadi. "This is an ideal time," he says. "You can do a lot of cherry picking." Yields, he notes, are ranging between 8 percent and 9 percent, compared with the inter-bank market rate of only 4 percent, at a time when the dollar is inexpensive and property prices are low. Properties in the residential and commercial sectors, as well as development sites with infrastructure, will be considered, Mr. Al-Awadi adds.

The introduction of these new products for Arab investors is part of a series of changes that are transforming capital markets throughout the region. Hikmat Nashashibi, senior advisor to the Bahrain-based Arab Banking Corporation, expects further moves in the 1990s that "will lead closely held companies to raise capital from beyond their traditional family owners." To facilitate this, he has called for a relaxation of restrictions on foreign share ownership and for the creation of more "global linkages" between emerging markets in the region and the developed ones in the main industrial countries. "A large, liquid stock market," he says, "gives owners a chance to realize capital gains and new investors a chance to share in future growth and profitability." P.A.S.

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AMEX

Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month	High	Low	Div	Yield	High	Low	4 P.A. Open
1000 1/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/2 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 3/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/2 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00

12 Month	High	Low	Div	Yield	High	Low	4 P.A. Open
1000 1/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/2 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 3/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/2 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00

12 Month	High	Low	Div	Yield	High	Low	4 P.A. Open
1000 1/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/2 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 3/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/2 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00

12 Month	High	Low	Div	Yield	High	Low	4 P.A. Open
1000 1/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/2 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 3/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/2 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00

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Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month	High	Low	Div	Yield	High	Low	4 P.A. Open
1000 1/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/2 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 3/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/2 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00

12 Month	High	Low	Div	Yield	High	Low	4 P.A. Open
1000 1/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/2 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 3/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/4 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00
1000 1/2 AmSteel	114.00	114.00	3.00	2.63	113.00	115.00	114.00



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Patten and Beijing Escalate Quarrel

By Laurence Zuckerman International Herald Tribune HONG KONG—The long-running dispute over Hong Kong's proposed multi-billion airport...

The new financial plan, which was presented to the Chinese last week, would inject more equity into the airport in order to address Chinese concerns about the project's future debt load.

Rights Issue Falls Short At Westpac

Compiled by Our Staff From Dispatches SYDNEY—Westpac Banking Corp. failed to persuade current stockholders to invest 1.2 billion Australian dollars (\$869.4 million) in a rights issue...

Investor's Asia Table with columns for Exchange, Index, and Change. Includes data for Hong Kong, Singapore, Tokyo, and others.

Very briefly: Cathay Pacific Airways, Hong Kong's unofficial flag carrier, said it was transferring some of its clerical work from Hong Kong to a new company...

Lippo to Float Hong Kong Bank

HONG KONG—Lippo Ltd. will float its Hong Kong commercial bank subsidiary, Hong Kong Chinese Bank, through the sale of 200 million shares at 2 Hong Kong dollars (25 U.S. cents) each in a new holding company, banking analysts said Wednesday.

There will also be one 1994 warrant issued for every five shares, the analysts said. Hong Kong Chinese Bank Holdings, whose sole current asset is the bank, is forecasting a net profit after transfers to inner reserves of not less than 63.5 million dollars for the fiscal year ending Dec. 31, up from 41.7 million dollars last year, the analysts said.

Earlier this year, Lippo Ltd. sold new shares worth 118.5 million dollars to a Chinese government-owned company, China Resources (Holdings), one of China's biggest concerns in Hong Kong. Lippo said at the time that the funds would enhance its ability to make acquisitions and that it was discussing possible deals.

Jardine Strategic Disappoints

HONG KONG—Jardine Strategic Holdings said its net profit rose 7.9 percent to \$113.3 million, in the first half of 1992, disappointing many analysts whose forecasts had ranged from 8 percent to 15 percent.

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Table showing circulation figures for various news sources like International Herald Tribune, Financial Times, Wall Street Journal/Europe, USA Today, The Economist, Time, Newsweek, Business Week, Fortune, National Geographic, Scientific American, and International Management.

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Large table titled 'INTERNATIONAL FUNDS' listing various investment funds with columns for fund name, ticker, and price. Includes sub-sections for 'Other Funds' and 'Advertisement'.

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ART BUCHWALD

Love Amongst the Torts

WASHINGTON — Just when you think that you've heard everything there is to hear about lawyers, you pick up the newspaper and realize that there is still more. David Margolick of The New York Times reports that a corporate lawyer named Frank D. Zaffere...

decides to go ahead with the marriage in the 45 days allocated to her. Let's start with the honeymoon: "Frank, can we go to dinner this evening beneath the stars?" "Why don't you make a motion, and I will consider it."



Buchwald

Nobel Money to Level Off

OSLO — Nobel Prizes, which have more than doubled in money value in recent years, will now remain at around their present levels, the head of the Norwegian Nobel Institute said Wednesday.

On Oct. 16, other prizes are announced in Stockholm. "The doubling in the value of the prize [since 1989] reflected the much improved economy of the Nobel Foundation, but it was decided quite some time ago we had reached the level we would remain at," Lundestad said.

Ozzy Osbourne: He's Just a Family Man

By Nick Ravo

New York Times Service

NEW YORK — Ozzy Osbourne will always be remembered for his uncontrollable appetite. Once, on stage, he bit the head off a dead bat thrown by a fan. (He says he thought it was a rubber toy.) In a meeting with record executives, he bit the head off a live dove. (He says he was drunk and feeling unappreciated.)

On this day, though, the pioneering heavy-metal singer from Britain isn't even picking at the scones that his wife, Sharon, has ordered up with tea to their hotel suite in mid-Manhattan. Besides watching his waistline, Ozzy is suffering from a lingering cold, fatigue from a year of almost nonstop touring, and myriad other minor maladies, like fallen arches and a torn toenail.

These things happen when you are 43 and you spent 90 manic minutes on stage the night before at the Brendan Byrne Arena, in East Rutherford, New Jersey, sprinting, leaping, strutting, and, by the end of the evening, almost hobbling in front of 15,000 fist-waving, obscenity-shouting, lingerie-tossing fans, many of whom are less than half your age and most of whom are male.

"Since I broke my leg, I have to wear this device," Ozzy said, pulling down his black Gold's Gym sweat pants and revealing, besides black bikini underwear, a black knee brace that he has had to wear since a concert-related injury last December. "It kills me."

Ozzy, whose songs have long toyed with Satanist imagery, is somewhat pained by his past. He has said he knows that the bat and dove incidents, from the early 1980s, will be prominently featured in his obituary, as will a two-month, pre-stardom stint in jail for burglary and, later, episodes of excess involving illicit drugs, drunkenness, groupies, and an assault charge (later dropped) emanating from an attack on his wife.

Then there are the "only Ozzy" occurrences: an arrest for urinating on the Alamo; three lawsuits (all dismissed), accusing him of inducing, through his lyrics, teenagers to commit suicide; a spat two years ago with Cardinal John O'Connor, who singled him out in a sermon against rock music and condemned him as a Satanist.

"Unbeknownst to Cardinal O'Connor, I am not the Antichrist," he said, gazing out a 46th-floor window and almost directly down on the cross-shaped edifice of St. Patrick's Cathedral. "I am a family man."

Ozzy Osbourne a family man? Ozzy, the rock star that equally ancient Alice Cooper has called the godfather of heavy metal? Ozzy, the long-haired guy sitting here semi-comatose on the couch, looking like a hybrid of a middle-age member of the Manson family and a "Wayne's World" wannabe? Ozzy, the guy with the turquoise-tinted John Lennon spectacles, the Hunter Thompsonish cigarette-holder, the crude "OZZY" tattoo on his fist and other tattoos etched over his arms and chest? Ozzy, with the five crosses dangling from around his neck and another from a gold bracelet?

Ozzy, a family man? As in Ozzie Nelson? "All the stuff on stage, the craziness, it's all just a role that I play, my work," Ozzy said. "The closest I ever come to witchcraft is a Ouija board. And believe it or not, I can't even watch slash films. They freak me out. I'm like Vincent Price. He was really a regular guy in private, into cookery as a hobby and all that."

To be sure, for much of his career, particularly when he was lead singer for Black Sabbath from 1968 to 1979, Ozzy was known more for his hell-raising than for his marginal musical talents. But two years ago, well into his solo career, he said, he quit drinking and taking drugs and started an exercise regimen that, along with a mostly vegetarian diet, has helped him melt the flab off his formerly cherubic face and chubby body. His 5-foot-10-inch frame now weighs a fit 156 pounds (70 kilograms), down from 193.



The onstage Osbourne: "All the stuff on stage, the craziness, it's all just a role that I play, my work."

most resembling drug paraphernalia is a Japanese vaporizer in the kitchen that he says he uses, along with frequent sprints of Entertainer's Secret, to soothe his throat.

Sharon Osbourne, who has been married to Ozzy for 10 years and works as his manager, is just as trim as Oz. Unlike his casual rock star duds, though, her getup is a conservative blue designer suit. And unlike her mumbling husband's diction, hers is quick, precise. "He's a working-class hero," she said. "That's why the kids love him."

Ozzy, whose actual given name is John, was born in Birmingham, England; his father was a factory worker. Sharon, 37, was born to an upper-class family near London; her father was Ozzy's previous manager. "People expect my wife to be like Elvira or something," Ozzy said.

Scattered on the couch are battalions of toy soldiers that were ordered into battle by one of Ozzy's five children, blond-haired, 6-year-old Jack, who is launching a simultaneous raid on the pastries on the tea setting. Ozzy's other children are Kelly, 7, Aimee, 9, and, from a previous marriage, Louis, 16, and Jessica, 18.

"I consider myself a pretty good parent," he said. "I don't beat my kids around the house." He says he has frequently lectured his children on the dangers of drugs, drinking, and unprotected sex.

"Jacku," Ozzy said, "what do you do when someone says, 'Smoke this?'"

"Walk away," Jack said.

"Or, Swallow this..."

"Say no," Jack said.

This exchange may seem inconsequential, if not hypocritical, to anyone who heard Ozzy on stage the night before. Somewhere between belting out "Paranoid" and "War Pigs" he yelled out mischievously asking if anyone in the crowd was high. The response was predictable.

But Ozzy says he refuses to preach sobriety. "Kids don't want to hear it," he said. "They don't want to hear Ozzy Osbourne go walk out on stage and go, 'Right, kids, you know, before I start this song 'Suicide Solution,' I want you to know it's all about the dangers of alcohol.' They want to see me rock."

Ozzy's current tour, which will end on Oct. 10 in Costa Mesa, California, is billed as his last — the "No More Tours Tour." "My schedule for the past 25 years has been write, record, tour for a year, take a little time off, then write, record, tour for a year," he said. "I feel like a mouse on the wheel. I am going to continue to write and record at my leisure and do a few gigs when I want to do it, instead of these killer tours."

Devil-worshippers may be chagrined to learn that Ozzy, a member of the Church of England, kneels and prays backstage just before going on; he makes the sign of the cross, too. Maybe as a hedge against the dozen or so fans who storm the stage at each concert. One fan last year broke three of Ozzy's ribs. "It can be frightening," Ozzy said. "But I have learned some pretty good moves out there, and we have security that knows how to handle things."

Ozzy, who has sold more than 10 million records in his solo career and millions more with Black Sabbath, no longer needs touring to back up his album sales. His most recent, "No More Tears" (Epic), has sold almost 3 million copies, his publicist says.

Besides, dividing his time between a 14th-century farm north of London and a rented home in Pacific Palisades, California, where his children go to school, is travel enough. Some days, just rolling off the couch in a hotel suite can be exhausting. "I defy any guy of 43," he said hoarsely while limping toward the kitchen and the vaporizer, "to do what I do."

PEOPLE

A Message to Madonna, Or How to Sell Books

Book promotion has reached new heights. Dell Publishing, in a press release, says that Christopher Andersen, author of "Madonna Unauthorized," is calling on Madonna to open her empty \$5 million mansion in Miami to those left homeless by Hurricane Andrew. "Madonna is now one of the largest private property owners in Miami. A dozen families or more could live there comfortably," Andersen says via the press release. Is he donating any royalties?

Speaking of book promotion: Britain's most famous prostitute, Lilli St. Clair, bared her heart and her bust at a reception launching her autobiography, "It's Only a Game," written to help pay off a huge tax bill. St. Clair claims to have had sex with more than 200 members of Parliament. She says she won't name them: "I love my men. I don't want to hurt them."

The filmmaker Spike Lee is asking a Los Angeles judge to let him use the Rodney G. King beating videotape in his upcoming "Malcolm X." Lee's lawsuit is the latest round in his battle with George Holliday, who shot the footage from his apartment balcony. Lee's attorney has said the matter must be resolved by Oct. 1 or the film's Thanksgiving release could be jeopardized.

The rock star Frank Zappa, 51, is "very unwell" with prostate cancer and has canceled appearances in Berlin and Vienna to return to the United States for treatment.

The Brussels school of criminology is a little embarrassed. Its office was burglarized to the tune of 18,000 Belgian francs (about \$590), but the theft went unnoticed for three days. Michel Peytier, a spokesman, said a thief used a key stolen from a school employee. Elementary, my dear Watson.

John Guare testified in a New York court that David Hampton, who inspired his play "Six Degrees of Separation," threatened to kill him unless he shared in the profits. Hampton, who conned his way into several people's homes by posing as Sidney Poitier's son, is charged with harassment.

INTERNATIONAL CLASSIFIED Appears on Page 5

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